

The rights issue is back

A whirlwind four weeks of equity raisings has seen a dozen major companies in London tapping their shareholders to raise around £23bn.

The landscape was dominated by the £12.5bn biggie from **HSBC**, the leading British bank apparently least scathed by the financial crisis.

While other banks were sliding toward majority ownership by the taxpayer, HSBC said it was taking the opportunity to issue new shares to "maximise our financial strength", in the words of its chairman Stephen Green.

"This capital raising will enhance our ability to deal with the impact of an uncertain economic environment and to respond to unforeseen events," said the HSBC boss, signalling that the fundraising meant the bank's core Tier 1 ratio, a key banking solvency indicator, had strengthened from 8.5% to 9.8%.

The five for 12 rights issue was priced at 254p, a 47% discount to the previous closing price, and 39% cheaper than the theoretical ex-rights price.

The issue was fully underwritten by Goldman Sachs, JPMorgan, BNP Paribas, Credit Suisse and RBS Hoare Govett, also all acting as co-bookrunners.

Goldman Sachs acted as the sponsor and joint global co-ordinator with JPMorgan Cazenove and HSBC Bank. HSBC's own people acted as corporate brokers alongside Goldman Sachs.

The rights issue was also being used as a major refinancing tool as **Wolseley** attempted to reconstruct its balance sheet.

Alongside its 2008 results showing losses its exposure to the US and UK housing markets, the building materials giant said it was raising £1bn through a placing and rights issue.

The firm placing with new and old shareholders arranged by the company's joint corporate brokers, sponsors and bookrunners Deutsche Bank and UBS raised £270m at a 27% discount to the prevailing share price.

After a share reorganisation subsequent to the placing, the plan was to raise a further £781m through an 11 for five rights issue priced at a 47% discount to the previous underlying stock price.

The package also included arrangements for a new €1bn multi-currency two-year forward-start debt facility from August 2011 to cover debts that could be called in at that time.

Chief executive Chip Hornsby said the vehicles for its multilateral fundraising had been suggested by leading shareholders and the money raised would be used to reduce debt.

"Our markets have been hit hard and our response has been to take prompt action to reduce debts and costs," he said.

RBS Hoare Govett and BNP Paribas also acted as joint bookrunners. Rothschild acted as Wolseley's financial adviser.

The bankers and brokers were busier than the average estate agent as three of London's big property developers all tapped the market for funds.

Land Securities said it was raising £755m with a five for eight rights issue priced at 270p, a 51% discount to the prevailing share price. The company said it was raising the cash to protect against any further downside in the property market and to prepare for any upside.

The issue was fully underwritten by Citi, JPMorgan Cazenove and UBS, which acted as joint sponsors and joint bookrunners. BNP Paribas, HSBC and RBS Hoare Govett acted a co-lead managers.

British Land said it wanted to underpin its finances and exploit any buying opportunities as it announced a £740m fundraising.

A two for three rights issue was priced at 225p, a 53% discount to the prevailing share price. It was fully underwritten by Morgan Stanley and UBS, and by Euro Lights, an affiliate of British Land shareholder GIC, the real estate investment arm of the Singapore government.

Hammerson said it was aiming to reduce debt as it raised £584m from a seven for five rights issue fully underwritten by Citi and Deutsche Bank.

Robert Lea is City correspondent of the London Evening Standard.

ANNOUNCED RIGHTS ISSUES (ALL DEAL TYPES ARE FOLLOW ON)

ANNOUNCEMENT DATE	EXPECTED DEAL VALUE	ISSUER NAME	ISSUER NATIONALITY	SECTOR	BOOKRUNNER PARENT
20/02/2009	\$1,903m	Compagnie de Saint-Gobain SA	France	Construction	BNP Paribas, Calyon, JPMorgan
20/02/2009	\$1,887m	Lafarge SA	France	Construction	BNP Paribas, SG Corporate & Investment Banking, Calyon, HSBC
03/03/2009	\$1,618m	CRH plc	Ireland	Construction	UBS, Davy Stockbrokers
12/02/2009	\$1,130m	British Land Co plc	UK	Property	Morgan Stanley, UBS
06/03/2009	\$1,098m	Wolseley plc	UK	Construction	Deutsche Bank, UBS, RBS, BNP Paribas
09/02/2009	\$900m	Hammerson plc	UK	Property	Citi, Deutsche Bank

All data provided by Dealogic. www.dealogic.com

